

FACILITATING THE MAKING OF LEASE-PURCHASE AGREEMENTS
BY THE ADMINISTRATOR OF GENERAL SERVICES UNDER THE
PUBLIC BUILDINGS ACT OF 1949, AS AMENDED, AND BY THE
POSTMASTER GENERAL UNDER THE POST OFFICE DEPARTMENT
PROPERTY ACT OF 1954

JUNE 25, 1956.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. JONES of Alabama, from the Committee on Public Works, sub-
mitted the following

R E P O R T

[To accompany S. 3866]

The Committee on Public Works, to whom was referred the bill (S. 3866) to facilitate the making of lease-purchase agreements by the Administrator of General Services under the Public Buildings Act of 1949, as amended, and by the Postmaster General under the Post Office Department Property Act of 1954, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE OF THE BILL

The purpose of S. 3866 is to amend Public Law 519, 83d Congress, (the Lease-Purchase Act), by deleting the requirement for approval of purchase-contract agreements by the Director of the Bureau of the Budget and adding a requirement that the project statement by the Director shall be based on budgetary and related considerations, and not deemed to constitute approval of specific terms or provisions of any proposed agreement or of the selection of any particular contractor or lessor.

STATEMENT

Public Law 519, approved July 22, 1954 (68 Stat. 518), which authorized the Administrator of General Services and the Postmaster General to enter into lease-purchase agreements, requires action by the Director of the Bureau of the Budget at two distinct stages: (1) In connection with congressional approval of proposed lease-purchase

projects which must be obtained before an appropriation may be made; and (2) in connection with the agreements proposed to be entered into after the Congress has approved specific projects and appropriated funds for making payments thereunder.

The existing law provides that no appropriation shall be made for any lease-purchase project for the General Services Administration or the Post Office Department, respectively, unless such project has been approved by resolutions of the Committees on Public Works of the Senate and the House of Representatives. For the purpose of securing such approval, there must be transmitted to the committees a prospectus of each proposed project, including eight specific items, one of which is:

(8) A statement in writing by the Director of the Bureau of the Budget that the project is necessary and in conformity with the policy of the President.

The existing law further provides that no lease-purchase agreement shall be executed by the Administrator of General Services or the Postmaster General, respectively—

Unless such agreement has been approved by the Director of the Bureau of the Budget, as evidenced by a written statement of such officer to the effect that the execution of such agreement is necessary and is in conformity with the policy of the President.

The Department of Justice has expressed the view that under the act the Director of the Bureau of the Budget must consider the general desirability of lease-purchase agreements, their necessity and conformity with the policy of the President, and that he must also examine, consider, and approve in detail the specific terms and provisions of such agreements, with a similar scope of approval required as to the provisions of lease-purchase projects.

This interpretation of the act would result in overlapping and duplication of the functions of the Director of the Bureau of the Budget in one respect and the Administrator of General Services and the Postmaster General in another. It is neither efficient nor economical for the Director of the Bureau of the Budget to review the specific details of contracts which are executed by administrative officials. To do so would require additional staff and funds, and would probably result in delaying the progress of the program.

The Bureau of the Budget has estimated that the additional staff that would be required to make an independent examination and analysis of each lease-purchase agreement proposed to be entered into by the General Services Administration and the Post Office Department under the terms of Public Law 519 would require an appropriation of about \$100,000 annually.

The committee is of the opinion that in this case the Bureau of the Budget should be properly concerned with budgetary considerations and other related matters, such as the need for space, the limit of cost, and the economic and administrative justification for the project, and not with the administrative and operating details relative to the terms and conditions of specific contracts or the selection of particular contractors.

The committee believes that the requirement that the Director of the Bureau of the Budget determine whether each project is

necessary and in conformity with the program of the President should be preserved, but that the requirement that the Director review in detail the specific terms of the agreements made to carry out each project should be eliminated.

Representatives of the Bureau of the Budget, the General Services Administration, and the Post Office Department testified at executive sessions of the Subcommittee on Public Buildings and Grounds that repeal of the requirement that the Director of the Bureau of the Budget approve each specific lease-purchase agreement proposed to be entered into by the Administrator of General Services or the Postmaster General would meet with their approval.

The net effect of S. 3866 would be to preserve only the requirement that the Director of the Bureau of the Budget determine whether each project is necessary and in conformity with the program of the President. This is very much the same procedure followed on reports on legislation submitted to congressional committees by the executive departments.

In the interest of efficient and economical administration and to avoid overlapping and duplication of functions, the committee recommends favorable action on S. 3866.



